

Iowa Power Fund Board – Due Diligence Committee (DDC)
Meeting Minutes
January 23, 2008

Office of Energy Independence (OEI), Conference Room 142
Lucas State Office Building
321 E. 12th Street
Des Moines, Iowa

Call to Order:

Roya Stanley, Chair, called the meeting to order at 1:30 P.M.

Roll Call:

Member	Present	Absent
Floyd Barwig		X
Franklin Codel	X	
Ted Crosbie	X	
Vern Gebhart	conf.call	
Patricia Higby	conf.call	
Fred Hubbell	X	
William [Curt] Hunter	conf. call	
Roya Stanley	X	

- Also in attendance from the OEI, Governor's Office, and Department of Natural Resources staff: Jennifer Wright, Brian Crowe, Deborah Svec-Carstens (associate general counsel, Governor's Office), and Bill Blum (Recording Secretary).

Approval of Agenda:

Mr. Hubbell moved, with Mr. Codel's second that the Agenda for this meeting be approved; passed on voice vote.

Approval of Minutes:

Mr. Hunter moved, with Mr. Hubbell's second that the Minutes of the December 19, 2007 meeting be approved. After discussing how the announcement for the pre-applications had been done as part of a larger multi-topic press release from the Governor's Office (as well as on the OEI website), instead of by a special press release in and of itself as stated in those Minutes, the motion passed on voice vote.

Chair's Remarks:

This was the last DDC meeting before having to deal with what was anticipated to be "an avalanche" of pre-applications to be received as of the first deadline, February 1. The primary objective for the meeting today was to establish the process whereby those pre-applications would be addressed at the next DDC meeting the last week of February.

Application Process:

- The basic approaches are diagramed in flow charts that were reviewed (and can be examined on the OEI website at - http://www.energy.iowa.gov/Legislation/pre_app.html and http://www.energy.iowa.gov/Legislation/full_app.html). A projected timeline for processing pre-applications during the month of February would be:

- by February 1 – submittal deadline for first round of pre-applications (40-50 anticipated)
- by February 12 – staff screen for eligibility, categorizations, summaries; deliver screened pre-applications to DDC members for their review
- by February 26 – DDC members complete their reviews of screened pre-applications
- at February 27 DDC meeting – decisions on which pre-applicants to notify for full applications with directions; and on which ones to notify as initial ‘rejects’ (open question as to what directions would be sent back to them)

A question remained whether all of the first round of pre-applications would be reviewed or somehow otherwise prioritized &/or ranked.

- A number of issues still need to be resolved as to how the Full Applications will be handled:
 - the nature and composition of whatever scientific review committee that would be needed, and the expected level of the technical assessments (the more technical, the more time will be needed for review)
 - what company the Iowa Utilities Board used for their recent Energy Efficiency Plans study (Qunatec?)
 - what company the Dept of Economic Development (DED) used from Oklahoma that does both technical and business plan reviews (Betell?)
 - who the Iowa Energy Center uses for their outside technical reviewers
 - development over time of an on-line tracking system for applicants
 - working out ahead of grant awards what the process will be for evaluating each grantee’s project performance, as well as having established Intellectual Property/ Public Domain policies, and project monitoring procedures (e.g. setting milestones, assigning project managers, etc.), certainly before any contracts are negotiated (also having contract negotiation guidelines); maybe get DED legal help on these
- Regarding the Intellectual Property/ Public Domain policies, open questions involve:
 - Determining what, if any ownership interest(s) the State will take in projects developed with Power Fund financing; probably not stock, but other options are to be explored. One idea would be to have some legal claim on project patents as collateral for loans.
 - Obtaining guidance from perhaps the Attorney General’s Office &/or DED legal counsel, particularly as to the precedents set with the Iowa Values Fund. DED legal might also have insights on contract compliance and on ‘match’ ratios.
- Mr. Crosbie observed that, based on his acquaintance with the DED’s administration of the Iowa Values Fund, it takes about three times through a new application process to get sufficiently meaningful feedback and ‘lessons learned’ for the process to start working reliably well. Consensus was expressed on taking the time to do the best job the first time through all this, streamlining as we go.
- Final drafts of the Full Applications will be forwarded to the Power Fund Board for examination before their next meeting where the forms will be approved. OEI staff will process the changes suggested by UNI’s Ed Ebert; Pat Higby will re-send those with clarifications.

Investment Targets:

- The object is to publicize and promote these so that applicants will know what will be available, and in order to guide the Power Fund Board, the DDC, and OEI staff in allocating moneys in accordance with statutory directives. Two updated “Iowa Power Fund Suggested Targets” matrices were presented and discussed at length.
- Discussion was on – •appropriate ratios among the various categories; •accounting for the several sub-categories of Renewable Energy (wind, solar, biomass, etc.), as well as making specific provision for reducing Greenhouse Gas (GHG) emissions; •clarifying that these initial

targets are for the first quarter of State Fiscal Year 2009 with carry-over from FY'08 and reserving 10% for subsequent quarters; • using inter-linked multiple expanded spreadsheets and evolving instructional footnotes to account for a number of logical sub-categories (including geo-thermal, methane recovery, transportation [both as to efficiency and renewable fuels], and proposals that overlap categories).

- Nearly all DDC members, OEI staff, and others in attendance sketched out their own versions of a final “Iowa Power Fund Suggested Targets” matrix. Directly below is what seemed to represent a working consensus version. At least a couple sets of allocation ratios were proposed (•Renewable Energy-70%, Energy Efficiency-20%, Other-10%. •Research&Development-45%, Commercialization-35%, Education-10%, Other-10%), but there did not seem to be a clear resolution. Also, although “Education” is not explicitly designated as a funding category in statute, the consensus was that it is implied clearly and strongly enough that it must be included.

	Commercialization	Education	Research & Development	Other
Crop Utilization				
Reducing GHG; carbon sequestration				
Energy Efficiency				
Renewable Energy				

Public Comment:

None.

Other Business:

OEI staff will --

- report on the status and prospects for a pending legislative ‘patch’ for OEI resources.
- properly track unspent Power Fund balances from quarter to quarter and fiscal year to fiscal year.
- update as needed the Administrative Rules matrix according to on-going input, particularly that coming from the Attorney General’s Office on the lack of statutory authority to charge applicants fees for OEI services (part of the pending legislative ‘patch’ may reserve some flexibility on this).

Adjournment:

There being no further business to discuss at this time, the meeting adjourned at about 4:35 P.M. It was indicated the next meeting would likely be Wednesday, February 27. But OEI staff need to check with Floyd Barwig, and a quorum has to be assured, particularly with accounting for known expected absences.

Roya Stanley, Committee Chair

Bill Blum, Recording Secretary

Date